



HF 779 – Transportation Department Omnibus Bill (LSB 1312HV)
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Fiscal Note Version – New

Description

House File 779 provides for the following changes relating to administration and regulatory matters of the Department of Transportation, including, but not limited to, the following:

- Strikes language that authorizes the potential use of money in the Statutory Allocations Fund for projects on bridges over rivers bordering the State.
- Permits a temporary custodian of a minor to consent to the issuance of a driver's license to the minor.
- Amends various provisions relating to the suspension or revocation of drivers' licenses.
- Amends various provisions relating to the disqualification of a commercial motor vehicle operator for operating while intoxicated.
- Strikes language that requires the Department to determine whether a person has the ability to pay a criminal penalty, fine, surcharge, or court costs before the person's driver's license is suspended for failure to pay.
- Repeals the Department's administrative authority to waive or refund driver's licenses.
- Amends language allocating revenue from trailer registration fees to the TIME-21 Fund to account for prorated fees. This provision takes effect upon enactment and applies retroactively to January 1, 2009.
- Changes the requirements for private school bus, transit bus, and gold star registration plates.
- Amends several provisions relating to motor vehicle dealers and recyclers and abandoned vehicles.
- Changes the penalty for violations resulting from vehicle inspections from a simple misdemeanor to a simple misdemeanor punishable by a scheduled fine of \$50.
- Requires uniform citations and complaints in regard to traffic violations that are created electronically to be transmitted to the court.
- Clarifies that aviation gasoline be excluded under the formula for calculating the excise tax on ethanol-blended and nonblended gasoline.
- Establishes a cap of \$225.0 million on annual deposits to the TIME-21 Fund, and requires that any additional funds be deposited in the Road Use Tax Fund. This provision takes effect on enactment and applies retroactively to January 1, 2009.

Background

Statutory Allocations Fund

Prior to FY 2009 and the repeal of the motor vehicle use tax, revenues collected from the use tax were authorized to be used for projects on bridges over rivers bordering the State that were not payable from the Primary Road Fund, if the funds were needed. These funds have not been needed.

Aviation Gallons

In determining fuel tax rates, the Department of Revenue includes aviation gasoline in the total number of taxable gallons sold when computing the ethanol market share. Recently, a question has been raised as to whether aviation gasoline should be included. The Department requested advice on the matter from the Attorney General's Office, and the Office responded as follows: "The computation of the excise tax rates under Section 452.3(1) should not include sales of aviation gasoline." The advice is based on the Attorney General's Office review of the statute, and does not represent a formal Opinion.

Assumptions

Statutory Allocations Fund

Statutory Allocation Fund revenues will not be needed to fund projects on bridges over rivers bordering the State.

Aviation Gallons

- In calendar year (CY) 2008, actual gallons sold were: 1.198 billion of ethanol-blended gasoline, 397.2 million of unblended gasoline, and 2.3 million of aviation gasoline.
- In FY 2010, the gallons estimated to be sold are: 1.218 billion of ethanol-blended gasoline and 376.4 million of unblended gasoline.
- In determining the ethanol market share for CY 2008 and corresponding tax rates for FY 2010:
 - If aviation gallons are included in the total number of gallons sold, the market share is 74.99%, resulting in per-gallon tax rates of 19.0 cents for ethanol-blended gasoline and 21.0 cents for unblended gasoline for FY 2010, and an estimated \$310.4 million collected in fuel tax revenues.
 - If aviation gallons are not included in the total number of gallons sold, the market share is 75.09%, resulting in per-gallon tax rates of 19.3 cents for ethanol-blended gasoline and 20.8 cents for unleaded gasoline for FY 2010, and an estimated \$313.3 million collected in fuel tax revenues.
- This analysis assumes that the Department of Revenue will continue to include aviation gallons in calculating fuel tax rates, unless legislation to exclude aviation gallons is enacted.
- Based on future calendar year estimates for the number of gallons sold, regardless of whether aviation gallons are included, the ethanol market share percentage will fall under the same percentage threshold, resulting in the same per-gallon excise tax rates for ethanol-blended and nonblended gasoline.

TIME-21 Fund Cap

It is unknown when revenues to the TIME-21 Fund will exceed \$225.0 million annually. Based on current estimates, the total amount deposited in the Fund over the next four years will be between \$15.2 million and \$131.6 million annually.

Repeal to Waive or Refund Driver's License

An estimated \$127,000 was refunded in calendar year 2007 and \$154,000 in calendar year 2008 to customers.

Summary of Impacts

Fiscal Impact

Aviation Gallons and Repeal to Waive or Refund Driver's License

The estimated fiscal impact of [HF 779](#) is a net increase of \$3.0 million to the Road Use Tax Fund for FY 2010. This includes:

- A decrease in expenditures of between \$125,000 and \$150,000 to repeal the provision to waive or refund driver's licenses.
- An increase of \$2.9 million to exclude aviation gasoline gallons from the formula for calculating the excise tax on ethanol-blended and nonblended gasoline.

The estimated fiscal impact for FY 2011 and subsequent years is an increase of between \$125,000 and \$150,000 to the Road Use Tax Fund resulting from a decrease in expenditures relating to repealing the provision to waive or refund driver's licenses.

Other Provisions

The estimated fiscal impact relating to all other provisions in the Bill is minimal.

Correctional and Minority Impact

The correctional and minority impact relating to changing the penalty for violations resulting from vehicle inspections is estimated to be minimal.

Sources

Attorney General's Office
Department of Human Rights (CJJP)
Department of Revenue
Department of Transportation
U.S. Department of Energy, Energy Information Administration: Annual Energy Outlook 2009

/s/ Holly M. Lyons

March 30, 2009

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to [Section 2.56, Code of Iowa](#). Data used in developing this fiscal note, including correctional and minority impact information, is available from the Fiscal Services Division of the Legislative Services Agency upon request.
